



## Overview

The national economic slowdown that characterized the later period of 2001 continued into 2002. Several national and international economic forces have resulted in the current economic malaise. Low investor confidence, a weakening manufacturing sector, a significant decline in the high technology division, and an impending war have all contributed to a slow economic revival. On the international front, weakening foreign economies combined with a strong U.S. dollar have resulted in a larger trade deficit for the nation.

## 2002 Summary of Economic Conditions

The pace of economic recovery remained slow in 2002. The national GDP grew by 2.3%, reflecting a continuation of the weak economic growth evidenced in 2001. The national unemployment rate rose from 4.8% in 2001 to 5.9%, the highest in eight years. Wages and prices remained steady through most of the year. Despite the decline in employment, the nation consistently had high productivity rates through 2002. The Nonfarm business output per hour index rose from an average of 117.5 in 2001 to 122.5 in 2002. However, business investment continued to be weak, with financial institutions documenting relatively low business loans. Volatility in the stock market has also resulted in weakened investor confidence. Both the manufacturing and services sectors (with a few exceptions, such as the health care industry) have been weak, with the information technology division showing especially significant declines.

The U.S. dollar continues to remain strong in the global economy. While this has helped to sustain our buying power in the world market, it has negatively impacted exports. Weakening foreign economies combined with a strong U.S. dollar have resulted in lower demand for U.S.-produced goods. The U.S. trade balance in September 2002 was -\$38.0 billion.

Despite an overall slowdown, there were some positive trends in selected sectors in 2002. Stable and modest consumer spending resulted in impressive profits in retail sales, specifically for large businesses. 2002 second-quarter after-tax profits for large retailers saw a 35.5% increase from \$6.2 billion to \$8.2 billion, since the second-quarter of 2001. Low mortgage rates continued to encourage consumer spending in residential real estate. Residential real estate was one of the strongest sectors of the economy in 2002. Sales of new one-family houses in October 2002 increased 16.4% from the previous year. Increased new-home sales occurred through most of 2002, giving a much-needed boost to the construction industry, as well as to financial institutions. In October 2002, the median sales price of new houses was \$176,700, while the average sales prices was \$225,100.

## 2003 Economic Outlook

**Positive factors affecting 2003.** We should begin to see signs of recovery in 2003. Business investment should start to trend up as the stock market shows signs of stabilization. Housing and automobile sales should also continue to grow as interest rates remain low. The inflation rate is expected to increase in 2003 but will remain low by historical standards. The stock market is also anticipated to rebound with investor confidence slowly building back. Industrial production will increase with a gradual resurgence in demand, resulting in a healthy productivity rate. Monetary and fiscal policy is also expected to remain expansionary to encourage consumer spending and business investment.

**Risks for 2003.** While showing some signs of improvement, overall business spending is anticipated to be weak in 2003. Low investor confidence might continue to have a negative impact on the stock market, which would in turn impact consumer spending. Low consumer and business spending could well result in downward pressure on the economy.

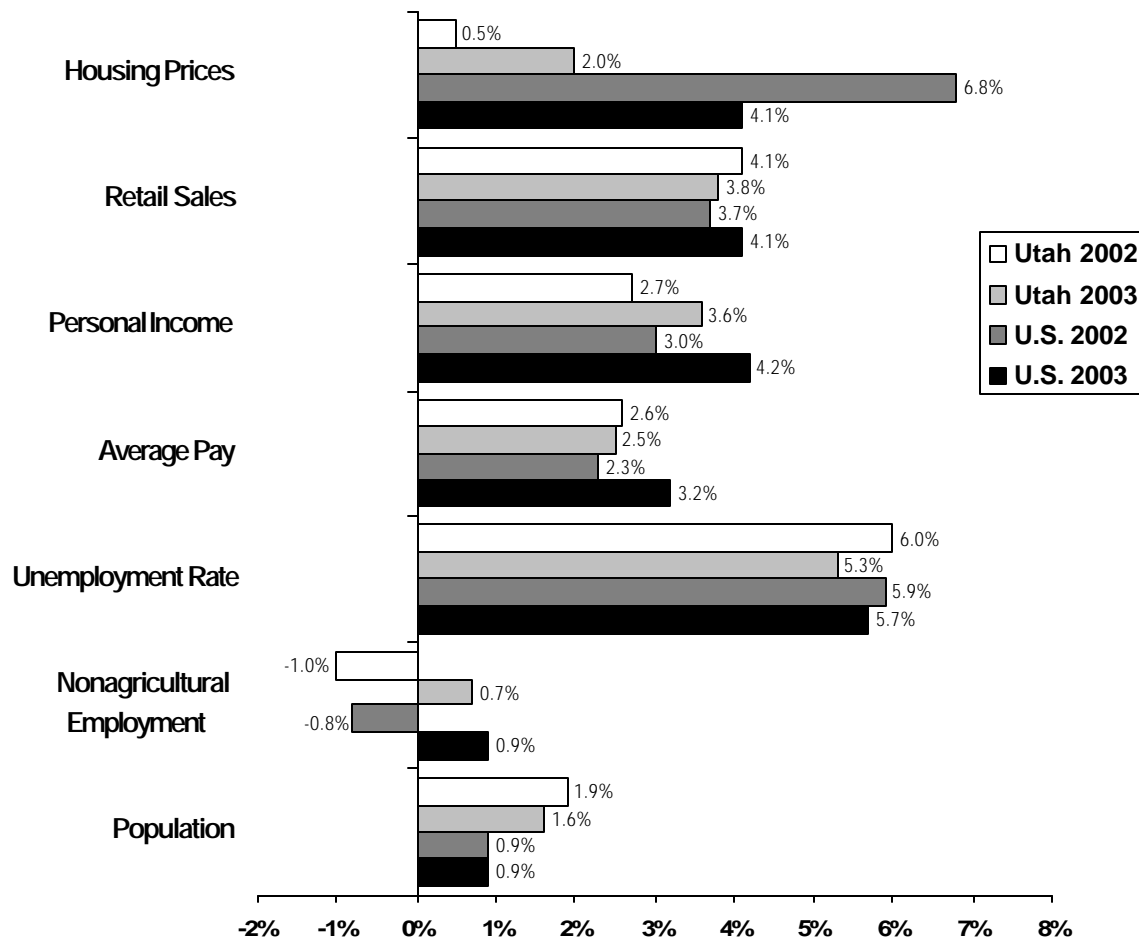
Sustained weakness in the global economy can also have negative repercussions on our national economy, resulting in weaker GDP growth in 2003. Finally, a factor that may impact all sectors of the economy in ways that are uncertain is a potential war with Iraq.

## Conclusion

The anticipated economic recovery remained slow and fragile in 2002. A weak overall GDP growth rate did not do much to inspire the confidence of businesses. As a result, hiring was slow and sporadic, resulting in a stable, though lackluster labor market. Demand for commercial loans dropped significantly as businesses showed little inclination toward increased investment spending. Retail sales have been mixed. Both the manufacturing and services sectors have been weak, with the information technology division showing especially significant declines. On the up side, residential real estate continues to hold strong. Mortgage borrowing has been especially aggressive as interest rates continue to maintain record-low figures. Furthermore, prices have held steady, as has the value of the U.S. dollar.

2003 will show some recovery. GDP will grow at 2.6% with an increase in real business fixed investment of 2.2%. Both consumers and businesses should be encouraged by low interest rates and stable inflation.

Figure 1  
Comparison of Utah and U.S. Economic Indicators  
2002 Estimates and 2003 Forecasts



Source: Council of Economic Advisors' Revenue Assumptions Committee

## Overview

Utah's economy slowed significantly in 2002. This was largely due to the lingering effects of the national recession and the dot-com implosion, the completion of the 2002 Winter Olympic Games and its related construction build-up, improvements in other states' economies compared to Utah, and the lack of growth in exports.

In 2002, merchandise exports, population growth, copper production, nonresidential construction, average pay, housing price appreciation, and job growth all slowed in Utah. Since 1994 (the peak year of the current cycle), the rate of job growth has fallen gradually from 6.2% to -1.0% in 2002. Such a negative trend was last evidenced in 1954, when job growth declined to -2.5%. Current expectations are that employment growth in Utah and the U.S. will resume at a modest pace by mid-2003.

## 2002 Summary of Economic Conditions

**End of Construction Boom.** Construction is the most volatile of Utah's major industries. As of 2000, construction employment began to contract. This decline will continue into 2003. Nonetheless, construction jobs in 2003 will still be 5.8% of total nonfarm jobs (slightly above the 1978 to 2002 average of 5.5%).

The total value of construction permits peaked at a historic high of \$3.97 billion in 1999. Total value declined to \$3.7 billion in 2002. Permitted construction values will increase in 2003 to \$3.85 billion due to the permitting of the entire \$325 million Intermountain Health Care "Healing Place" hospital project in that year. The IHC project will be built over several years, however, and construction job growth will continue to decline in 2003.

Large construction projects of at least \$30 million that were under construction in 2002 or scheduled for 2003 are listed at the end of this chapter. Construction projects are usually listed in reports at either their "project value" or "construction value". Construction values are the value of "sticks and bricks". Project values include construction values as well as architectural and engineering costs. For the most part, the projects listed in this chapter are "project values" and include both construction permitted and nonpermitted projects. Heavy construction, such as highways, does not require permits.

**Olympics-Related Construction.** Few if any projects were built just for the 2002 Olympic Winter Games. Even the venues' sites were constructed largely to train athletes before and after the Winter Games. Still, most of the Olympics-related infrastructure and projects listed in this chapter had accelerated construction schedules to coincide with the 2002 Olympic Winter Games. Construction and job growth rates would have been lower in the years preceding 2002 were it not for the Games. These Olympics accelerations, however, borrowed from job growth in subsequent years, including mid-to-late 2002 and 2003.

Construction job growth was slowing in late 2000 and early 2001 due to the early completion of Interstate 15 and other large projects. Job growth in construction increased in the two quarters prior to the 2002 Olympic Winter Games and then fell abruptly in the quarter of the Olympics and the quarter after the Olympics (the latest data available). This is similar to the experience of Atlanta during the 1996 Summer Olympics. Construction job growth accelerated going into the Summer Olympics and then decelerated abruptly for four quarters after the Olympics in Atlanta.

Unlike the Atlanta experience, however, mortgage rates fell to their lowest level in 40 years (since 1971) in 2002. Construction job growth would have been lower in Utah had mortgage rates not been so low. Effective mortgage rates were around 1.3% higher in 1996 than in 2002.

**Post-Olympics Slowdown in Net Migration.** Population growth slowed in the months after the Olympics as the frenzy of preparations ended, and many of those helping to host the Games left the state. The post-Games lull was accentuated by the lingering national/global recession. During 2001 net migration at 14,200 remained strong in Utah. During 2002, however, net migration fell to around 7,400. Still, with a record number of births, population grew 1.9% in 2002.

**Exports.** Utah's exports fell 9% during 2002, from \$3.5 billion to \$3.2 billion. Although Utah's exports more than doubled during the 1990s, most of the growth occurred before 1997. Since then, exports have remained in the range of \$3.0 billion to \$3.5 billion. East Asia's purchases of Utah goods did not fall in 2002, helping to shore up exports. The fact that the world economy is barely growing, but exports to East Asia are holding up, bodes well for future Utah export growth.

**Defense.** Utah's defense industry continued to rebound in 2002, as the threat of war in Iraq and base closures and realignments in other states shifted jobs and military spending to Utah. Hill Air Force Base has become the Air Force's new "center of excellence" for low-observable technology. This new classification and an additional workload will help ensure the vitality of the base in the future.

Contracting in Utah has increased significantly. Contract awards increased 73.1% in 2000 and an additional 34.4% in 2001. Overall defense spending in Utah in 2001 totaled \$2.35 billion, rising 23% from the previous year. Increased activity is expected to continue into 2002 and 2003 as a result of the war on terrorism.

**High Technology.** For the first six months of the current year employment in Utah's technology sector declined by 8.8%, representing a net loss of nearly 5,000 jobs. Companies that manufacture computers, peripheral products, and those that design computer systems experienced the largest employment drop, with combined job losses of almost 3,200 workers. Only two industries -- medical equipment and supplies, and scientific research and development services, reported positive job growth.

Utah's high technology sector is concentrated in a few industry segments: computer systems design services (21.5%), medical equipment manufacturing (12.4%), and software development (9.7%). There are very few large corporate headquarters conducting research and development activities in the technology sector in Utah. Many of the technology companies that once formed Utah's elite high-tech core are either gone or struggling.

**Firm Openings and Closings.** In order to track trends in Utah employment, state economists follow announcements of job additions and subtractions of 50 or more employees. These announcements are listed in this chapter. Job losses exceeded job gains in 2002 by a wide margin. As recently as June 2001, Economy.com's (a national economic consulting firm) forecast indicated that Utah would rank second in the nation for nonfarm job growth in 2002. However, by November 2002, Economy.com ranked Utah 45th in the nation for nonfarm employment growth.

## 2003 Outlook

During the 1990s, Utah's economy diversified, becoming broadly integrated with the national economy. Utah became much less dependent on single industries such as federal defense and mining. While the national recession of 1991 was hardly felt in Utah (because Utah was recovering from its own recession in 1986/87), the current national/global slowdown is being mirrored in Utah. Indeed, Utah's job growth has recently declined slightly more than that of the nation.

Still, by the end of 2003 Utah should be back on a moderate growth path, and by 2004 Utah should once again be outperforming the nation. Utah usually performs better than the nation over the long-run due to strong internal population growth, a young, well-educated workforce, low business costs, and a strong work ethic. Service industries will remain the largest source of new jobs in the state in 2003. Manufacturing job growth will be flat, and mining and construction industries will continue to contract in 2003.

## 2002 Nationwide Reports and Rankings

Utah was one of only three states to receive an average "A" grade by *Governing Magazine*. States were graded on financial management, capital management, human resources, managing for results, and information technology. The *2002 Digital States Survey* ranked Utah seventh in the nation in state government's availability to its citizens for online services.

Utah was ranked 11th by *State Policy Reports* based on the quality of the state's budget process. The study looked at states' balanced budget requirements, power to reduce spending, stabilization funds, and understandable finances. Utah received only an average score for its balanced budget requirements and stabilization funds.

Utah maintained its position as one of only ten states to receive a AAA bond rating from all nationally recognized rating services: Fitch, Moody's, and Standard & Poor's. The rating services recognized Utah's careful and timely monitoring of economic circumstances, quick and aggressive action once a shortfall was identified, and its moderate debt structure.

According to a 2002 study by Beacon Hill Institute, Utah was ranked the 11th most competitive state. The authors considered "competitiveness" to be an indicator of a state's ability to ensure and sustain high levels of economic growth and per capita income. The states were ranked according to their performance in nine categories. The report indicated that Utah could improve its environmental policy and exports.

Utah ranked ninth in its ability to succeed in a tech-led information age in a 2002 study by the Milken Institute. The study assumed that investment in science and technology infrastructure, and the leveraging of those assets for economic development, were the keys to economic success. Utah ranked in the top 25 of all nine indicators except for exports and IPO proceeds.

The Progressive Policy Institute ranked Utah 12th best on their "New Economy Index." The index was based on 21 indicators in five categories. The 2002 rank represented a slip from 2001 when Utah was ranked sixth. The Institute felt that this was due to the fact that while all states gained ground in the index, Utah improved at a slower rate.

*Yahoo! Internet Life* magazine ranked the Salt Lake City-Ogden metropolitan area sixth in the nation for the number of people online,

their expertise on the web, and the extent to which business and government use the Internet. The authors of the study attributed the high ranking to the Olympics and expected the area to drop in rankings in the coming year.

Ohio State University researchers ranked Salt Lake City 15th among the most Internet-accessible cities. The study measured the amount of physical infrastructure connecting a city to the Internet. Techies.com, a Minnesota based recruiting company, also ranked Salt Lake City fourth in the nation for offering a good combination of top salaries and a low cost of living for technology professionals.

Utah ranked 12th in Morgan Quinto's Most Livable State Awards for 2002. State Rankings were based on 43 factors such as crime, teenage birth rates, local government spending, and income. Utah was also ranked fourth in the nation by the United Health Foundation in overall health. Utah ranked first in low smoking rates, heart disease risk, and cancer and heart disease deaths.

*National Geographic Adventure* magazine listed Utah as having five of the "50 Perfect Places in America." The country's top outdoor experts were used to select the 50 places. The Maze in Canyonlands National Park, Rector near Moab, Muley Point, the San Juan River, and Monument Valley were the locations listed for Utah.

Several Utah colleges received recognition in *U.S. News & World Reports* ranking of Best Colleges in the nation. The University of Utah ranked sixth for service learning programs, BYU's doctoral programs were ranked in the top 30 for best value, Westminster ranked in the top 10 "Best Value" colleges in the western United States, and UVSC, the U of U, BYU, and USU were found to leave students with less debt than many peer schools.

Finally, not all rankings were positive for Utah in 2002. The EPA ranked Utah as the second top toxic polluter in the nation. Utah's mining companies and coal-fired electric plants were cited as the main sources of pollution. Most of the pollution reported was a controlled byproduct of the manufacturing process, according to industry representatives.

Utah also led the nation in the number of bankruptcies filed in 2002, according to a report by the American Bankruptcy Institute. The institute reported that one in every 34.5 Utahns filed for bankruptcy in the twelve months ending March 31, 2002. October 2002 filings were up 20% from the same period last year.

## Housing Prices and Home Ownership

There are three different measurements of housing price movements in Utah. These measurements come from the National Association of Realtors (NAR), the Office of Federal Housing Enterprise Oversight (OFHEO), and the Utah Association of Realtors (UAR).

**National Association of Realtors.** The NAR measures median-average prices for existing single-family homes on a changing mix of existing homes. Utah's median housing price exceeded the U.S. median housing price from 1995 to 2000. The U.S. median price has grown closer to the Utah median price each year since its largest gap in 1996. In 1996, Utah's median existing home price was \$122,700, and the U.S. median existing home price was \$115,800.

Utah prices have since slowed relative to the nation. The 2002 third quarter median existing home price in the U.S. was \$161,800 in 2002,

and \$152,100 in Utah. The median existing home price is expected to grow by 4.1% in 2003 for the U.S., but only around 2% in Utah.

**Office of Federal Housing Enterprise Oversight.** The OFHEO follows the price movements on repeat sales of the same single-family homes with Fannie Mae or Freddie Mac mortgages. The growth rate in these prices rose steadily beginning in 1988 to a high of 17% in 1994. As recently as September 30, 1997, Utah's year-over growth ranking in housing price appreciation was ranked second in the nation. As of June 30, 2002, however, Utah's year-over percent change in median housing prices for existing homes dropped to 51st in the nation including the District of Columbia (highlighting the slowdown in price appreciation in the Utah existing housing market).

**Utah Association of Realtors.** The UAR measures the mean-average price on a changing mix of new and existing homes. These prices are based on homes for sale on the multiple listing service. The mean-average sales price for Utah homes (excluding Park City) in the third quarter of 2002 was \$160,926 (versus \$158,880 for the same quarter a year ago).

The mean-average, unlike the median-average, can be skewed by high priced homes (this problem is corrected to some extent by excluding Park City). The median is the middle value around which one-half of the values are above and one-half are below. The mean is the total of all values divided by the number of observations.

According to figures released by the Utah Association of Realtors, year-over mean-average sales prices for the State of Utah (excluding Park City) increased by 1.3% from the third quarter of last year. This figure is somewhat higher than NAR's recently reported year-over growth rate of -0.6% for existing homes in the third quarter of 2002.

Lower prices (and lower mortgage rates) contributed to brisk home sales in the third quarter at 5.8% year-over growth. UAR prices usually differ from NAR and OFHEO due to the inclusion of new homes in UAR measurements, and the fact that the UAR uses mean-average prices rather than median-average prices.

**Softening Housing Prices.** Housing price appreciation in Utah will continue though at a weaker pace in 2003. The softening of housing prices is largely due to the high home-ownership rate in Utah (72.4% in Utah versus 67.8% nationwide in 2001, 16th highest in the nation), the recent slowing of job growth in Utah, and the run up in housing prices during the mid 1990's.

Low interest rates and high internally generated population growth will boost housing price appreciation. OFHEO housing price growth in Utah, however, has lagged behind growth in housing prices in the U.S. since the third quarter of 1998. This is expected to continue through 2003.

### Office, Hotel, and Apartment Vacancies and Rents

**Offices.** Salt Lake City metropolitan area office vacancy rates, as reported by CB Richard Ellis, have increased steadily since 1995 (when they were around 6.6%). Vacancy rates in the third quarter of 2002 reached 20.3%, a rate not seen since 1990. Vacancy rates increased downtown from 13.8% in the third quarter of 2001 to 17.6% in the third quarter of 2002.

Vacancy rates for suburban areas increased from 17.7% in the third quarter of 2001, to 22.1% in the third quarter of 2002. Also, office vacancy rates increased for the entire metropolitan area from 16.1% in the third quarter of 2001, to 20.2% in the third quarter of 2002. By comparison, vacancy rates nationwide increased for metropolitan areas from 12.0% in the third quarter 2001, to 15.1% in the third quarter of 2002.

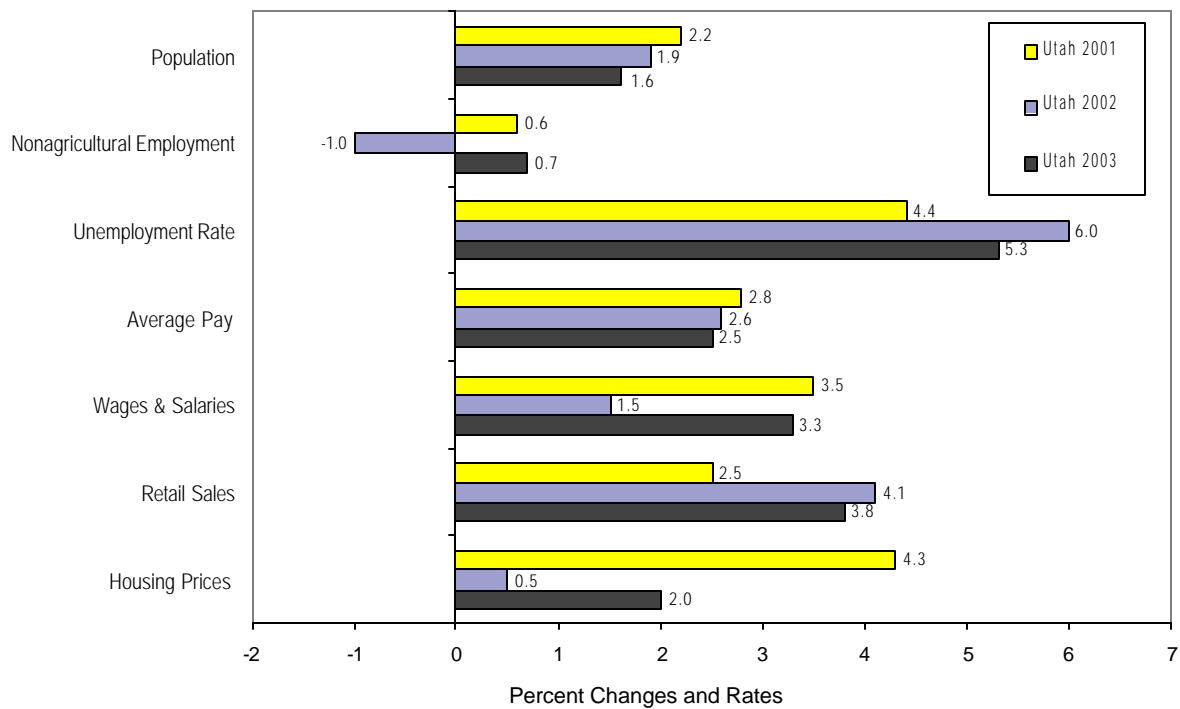
**Hotels.** According to the Rocky Mountain Lodging Report, hotel occupancy rates in the Salt Lake area increased by 3.4% to 68.7% for the first half of 2002 compared to 66% for the first half of 2001. This was expected due to the hosting of the 2002 Olympic Winter Games. Still, by comparison, occupancy rates in the Salt Lake County area hovered around 80% in the mid-1990s. The primary reason for this decrease is that the number of hotel units in Salt Lake County increased from 10,700 in 1994, to around 17,000 units in 2000 (a 59% increase).

Occupancy and room rates in Salt Lake County were also up in September and October of 2002. Occupancy for these months was up because travel slowed considerably in September and October of 2001 due to the September 11, 2001 terrorist attacks. Average room rates in the Salt Lake County area in October 2002 also grew from around \$70 last year to \$77 this year.

**Apartments.** According to EquiMark Properties, Salt Lake County rents grew 0.3% for the first six months of 2002 compared to 1.3% for the first six months of 2001. The overall rental rate increased from \$646 on average in June of 2001 to an average of \$649 in June 2002. Apartment vacancy rates increased in Salt Lake County to 9.3% in June 2002. Vacancy rates were 7.7% in 1999, 6.3% in 2000, and 7.1% in 2001. Vacancy rates could continue to increase as more renters decide to purchase homes (due to low interest rates and low housing price appreciation).

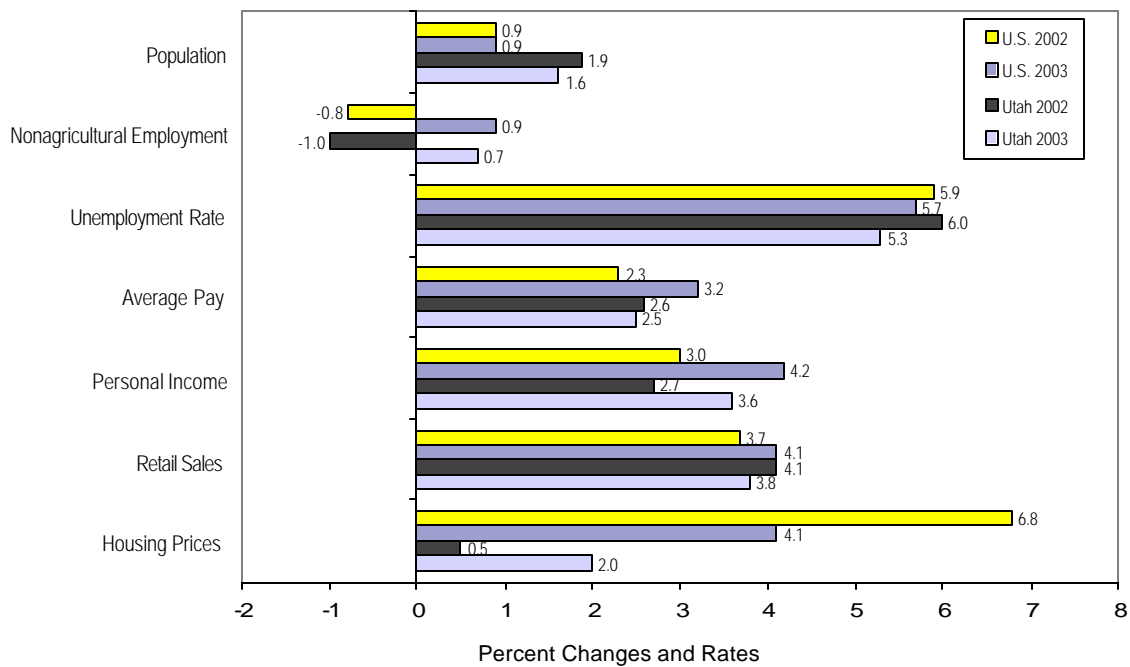
Vacancy rates decreased during the 2002 Olympic Winter Games, but have since increased. Rent growth in Salt Lake County also increased through the 2002 Olympic Winter Games. Landlords are currently offering more concessions to prospective residents. Olympic media and sponsors occupied many of the new multifamily housing units built in 2001. Rental rates have stabilized, and concessions have increased since the 2002 Olympic Winter Games.

**Figure 2**  
Utah Economic Indicators: 2001-2003



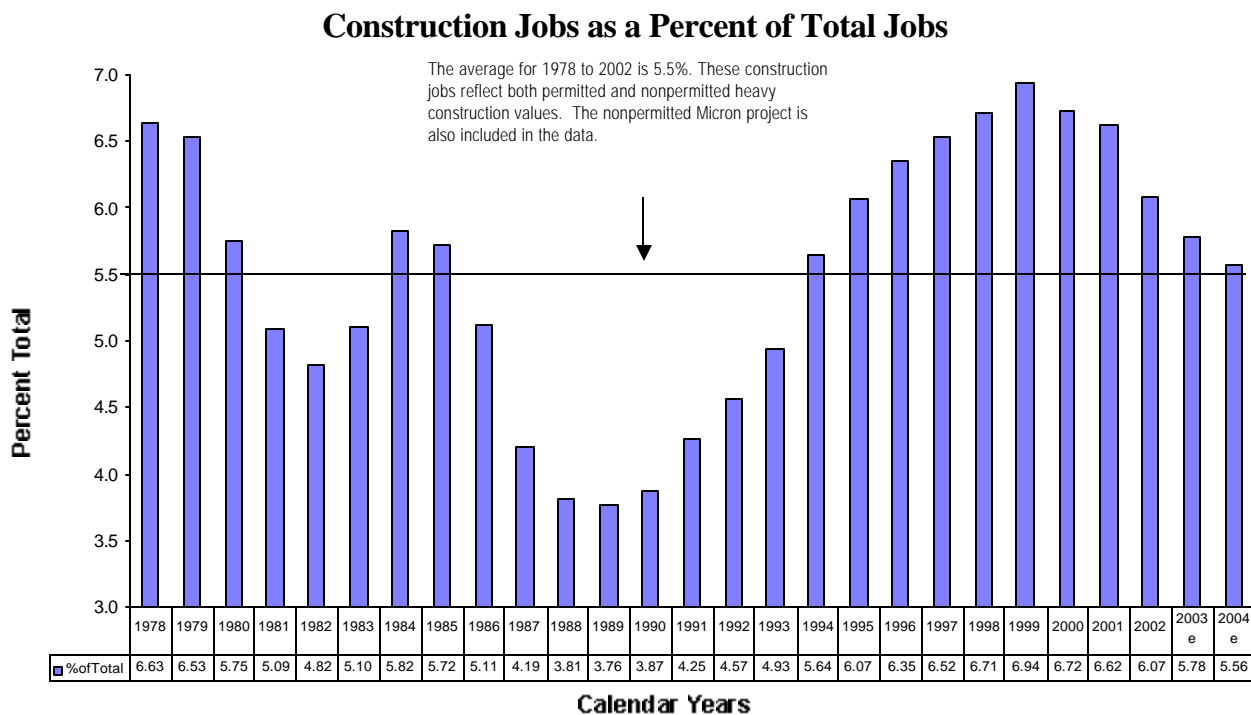
Source: Council of Economic Advisors' Revenue Assumptions Committee

**Figure 3**  
Comparison of Utah and U.S. Economic Indicators: 2002 Estimates and 2003 Forecasts



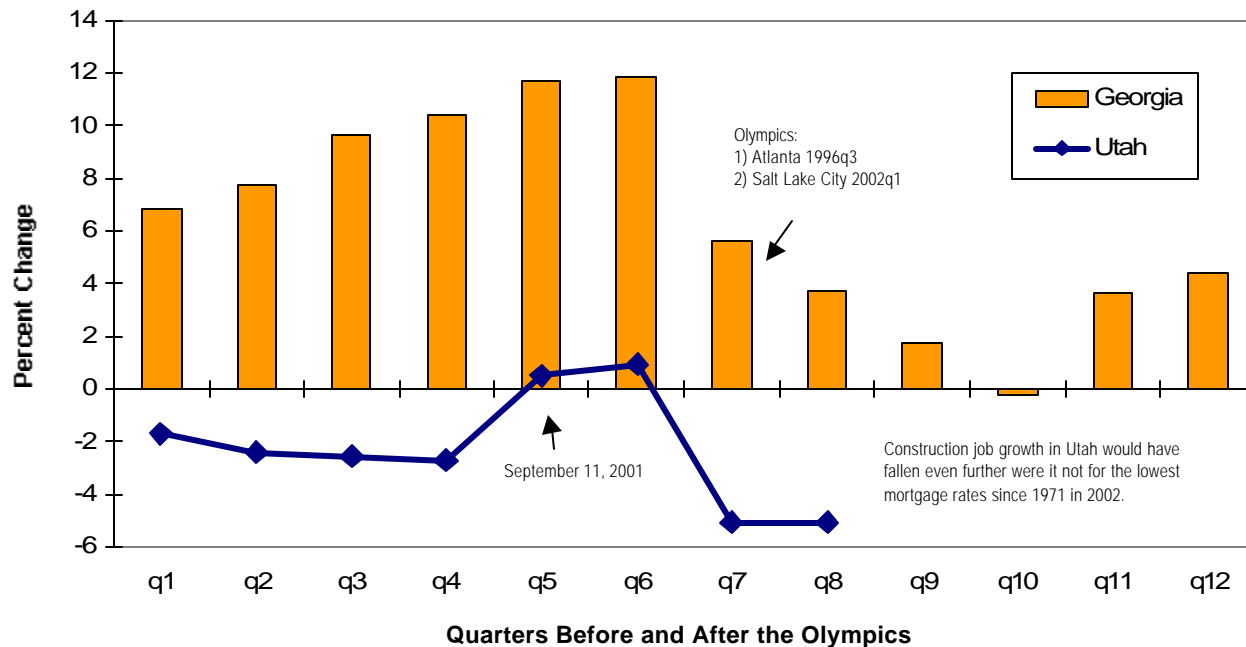
Source: Council of Economic Advisors' Revenue Assumptions Committee

Figure 4  
Construction Jobs as a Percent of Total Jobs



Sources: Department of Workforce Services, Governor's Office of Planning and Budget

Figure 5  
Year-Over Percent Change in Construction Employment Before and After the Olympics



Sources: Bureau of Labor Statistics, Department of Workforce Services, Governor's Office of Planning and Budget

Table 1

## Actual and Estimated Economic Indicators for Utah and the U.S.: December 2002

ECONOMIC INDICATORS	UNITS	2000 ACTUAL	2001 ESTIMATE	2002 ESTIMATE	2003 FORECAST	% CHG CY00-01	% CHG CY01-02	% CHG CY02-03
<b>PRODUCTION AND SPENDING</b>								
U.S. Real Gross Domestic Product	Billion Chained \$96	9,191.4	9,219.0	9,431.0	9,676.2	0.3	2.3	2.6
U.S. Real Personal Consumption	Billion Chained \$96	6,223.9	6,379.5	6,564.5	6,708.9	2.5	2.9	2.2
U.S. Real Fixed Investment	Billion Chained \$96	1,691.9	1,627.6	1,575.5	1,610.2	-3.8	-3.2	2.2
U.S. Real Defense Spending	Billion Chained \$96	348.7	366.1	398.4	425.8	5.0	8.8	6.9
U.S. Real Exports	Billion Chained \$96	1,137.2	1,075.8	1,061.8	1,118.1	-5.4	-1.3	5.3
Utah Exports (Census)	Million Dollars	3,220.2	3,506.0	3,186.9	3,355.8	8.9	-9.1	5.3
Utah Coal Production	Million Tons	26.7	27.0	24.7	24.7	1.2	-8.5	0.3
Utah Oil Production Sales	Million Barrels	15.6	15.3	14.1	13.5	-1.9	-7.8	-4.3
Utah Natural Gas Production Sales	Billion Cubic Feet	227.7	251.8	250.0	252.5	10.6	-0.7	1.0
Utah Copper Mined Production	Million Pounds	651.9	689.4	564.8	580.0	5.7	-18.1	2.7
<b>SALES AND CONSTRUCTION</b>								
U.S. New Auto and Truck Sales	Millions	17.4	17.1	16.5	16.6	-1.7	-3.5	0.6
U.S. Housing Starts	Millions	1.57	1.60	1.69	1.58	1.71	5.6	-6.5
U.S. Residential Investment	Billion Dollars	426.1	444.8	468.4	472.2	4.4	5.3	0.8
U.S. Nonresidential Structures	Billion Dollars	314.2	324.5	272.6	267.9	3.3	-16.0	-1.7
U.S. Repeat-Sales House Price Index	1980Q1=100	241.5	262.3	280.1	291.6	8.6	6.8	4.1
U.S. Existing S.F. Home Prices (NAR)	Thousand Dollars	139.0	147.8	157.9	164.3	6.3	6.8	4.1
U.S. Retail Sales	Billion Dollars	3,360.8	3,488.5	3,617.6	3,765.9	3.8	3.7	4.1
Utah New Auto and Truck Sales	Thousands	85.0	78.5	84.8	89.0	-7.6	8.0	5.0
Utah Dwelling Unit Permits	Thousands	18.2	19.7	19.0	18.0	8.4	-3.4	-5.3
Utah Residential Permit Value	Million Dollars	2,140.1	2,352.7	2,400.0	2,350.0	9.9	2.0	-2.1
Utah Nonresidential Permit Value	Million Dollars	1,213.0	970.0	900.0	1,100.0	-20.0	-7.2	22.2
Utah Additions, Alterations and Repairs	Million Dollars	583.3	562.8	400.0	400.0	-3.5	-28.9	0.0
Utah Repeat-Sales House Price Index	1980Q1=100	240.5	253.2	255.7	260.8	5.3	1.0	2.0
Utah Existing S.F. Home Prices (NAR)	Thousand Dollars	141.5	147.6	148.3	151.3	4.3	0.5	2.0
Utah Taxable Retail Sales	Million Dollars	17,278	17,709	18,427	19,130	2.5	4.1	3.8
<b>DEMOGRAPHICS AND SENTIMENT</b>								
U.S. July 1st Population (BEA, Census)	Millions	282.1	284.8	287.4	289.9	0.9	0.9	0.9
U.S. Consumer Sentiment of U.S. (UofM)	1966=100	107.6	89.2	89.0	89.8	-17.1	-0.2	0.9
Utah July 1st Population (UPEC)	Thousands	2,247	2,296	2,339	2,376	2.2	1.9	1.6
Utah Net Migration (UPEC)	Thousands	18.6	14.2	7.4	0.8	na	na	na
Utah July 1st Population (Census)	Thousands	2,243	2,279	2,316	2,353	1.6	1.6	1.6
Utah Consumer Sentiment of Utah	1966=100	107.6	95.1	88.4	86.6	-11.6	-7.1	-2.0
<b>PROFITS AND RESOURCE PRICES</b>								
U.S. Corporate Before Tax Profits	Billion Dollars	782.3	670.2	662.2	771.1	-14.3	-1.2	16.4
U.S. Before Tax Profits Less Fed. Res.	Billion Dollars	752.2	642.3	639.9	751.5	-14.6	-0.4	17.4
U.S. Oil Refinery Acquisition Cost	\$ Per Barrel	28.2	23.0	24.1	23.6	-18.4	4.8	-2.1
U.S. Coal Price Index	1982=100	88.0	96.2	99.1	95.8	9.3	3.0	-3.3
Utah Coal Prices	\$ Per Short Ton	16.9	17.5	17.0	17.0	3.4	-2.9	0.2
Utah Oil Prices	\$ Per Barrel	28.5	23.5	25.0	25.5	-17.6	6.4	2.0
Utah Natural Gas Prices	\$ Per MCF	3.28	3.66	2.00	2.50	11.6	-45.4	25.0
Utah Copper Prices	\$ Per Pound	0.82	0.72	0.71	0.73	-12.2	-1.4	2.8
<b>INFLATION AND INTEREST RATES</b>								
U.S. CPI Urban Consumers (BLS)	1982-84=100	172.2	177.1	179.9	184.1	2.8	1.6	2.3
U.S. GDP Chained Price Indexes	1996=100	106.9	109.4	110.7	113.0	2.4	1.2	2.1
U.S. Federal Funds Rate	Percent	6.23	3.92	1.67	1.68	na	na	na
U.S. 3-Month Treasury Bills	Percent	5.81	3.43	1.61	1.69	na	na	na
U.S. T-Bond Rate, 10-Year	Percent	6.03	5.02	4.61	4.64	na	na	na
30 Year Mortgage Rate (FHLMC)	Percent	8.06	6.97	6.52	6.82	na	na	na
<b>EMPLOYMENT AND WAGES</b>								
U.S. Establishment Employment (BLS)	Millions	131.7	131.9	130.8	132.0	0.2	-0.8	0.9
U.S. Average Annual Pay (BLS)	Dollars	35,320	36,214	37,030	38,198	2.5	2.3	3.2
U.S. Total Wages & Salaries (BLS)	Billion Dollars	4,652	4,777	4,843	5,042	2.4	1.4	4.1
Utah Nonagricultural Employment (WS)	Thousands	1,074.9	1,081.7	1,070.4	1,078.2	0.6	-1.0	0.7
Utah Average Annual Pay (WS)	Dollars	28,817	29,637	30,400	31,163	2.8	2.6	2.5
Utah Total Nonagriculture Wages (WS)	Million Dollars	30,975	32,058	32,540	33,600	3.5	1.5	3.3
<b>INCOME AND UNEMPLOYMENT</b>								
U.S. Personal Income (BEA)	Billion Dollars	8,399	8,678	8,939	9,314	3.3	3.0	4.2
U.S. Unemployment Rate (BLS)	Percent	4.0	4.8	5.9	5.7	na	na	na
Utah Personal Income (BEA)	Million Dollars	52,622	54,884	56,366	58,395	4.3	2.7	3.6
Utah Unemployment Rate (WS)	Percent	3.2	4.4	6.0	5.3	na	na	na

Note: Figures in this table may differ from other tables due to different data sources.

Source: Council of Economic Advisors' Revenue Assumptions Committee



Table 2  
2002 and 2003 Large Construction and Employment Summary

**2002 Announced Additions of 100 or more jobs:**

Best Buy - electronics retail  
Bomatic Inc. - plastic containers  
CompuCredit - call center  
Convergys - telemarketing call center  
eCo.Marketing Inc. - call center  
Flour Corp - copper smelter maintenance  
Fresenius Medical Care - kidney dialysis products  
HyClone Laboratories - biopharmaceutical supplies  
Ingenix - health-care software/consulting  
Jet Blue Airways - reservations center  
Siebel Systems Inc. - computer engineering  
SkyWest - pilots and mechanics  
Twinlab - vitamin distribution  
Uinta River Technology - INS data entry  
Verizon Wireless - call center  
Williams International - jet turbine engines

**2002 Announced Subtractions of 100 or more jobs:**

American Express - call center  
Consolidated Freight - truck drivers  
Delta Airlines - various positions  
Enterasys - computer network engineers  
Evans & Sutherland - visual computer simulations  
Fidelity - financial investments  
Groen - gyroplanes  
Hill Air Force Base - storage and distribution  
Infinia Medical Center - care facility  
Kmart - retailer  
Providian - call center  
Qwest - telecommunications  
Simons Trucking - drivers and nondrivers  
SLOC - Olympic employees  
SPS Technologies Inc. - fasteners  
Thiokol - propulsion  
Utah Power - electric power  
Utah State Government - budget cutbacks

**\$30 Million Plus Projects in 2002 Began Before 2002:**

Canyon River Corporate Center - \$65m  
Diamond Fork CUP - \$50m  
Fresenius Medical Care facility - \$65m  
Huntsman Cancer Institute Research Hospital - \$100m  
Jordan Landing (mixed use) - \$500m  
Logan Canyon Highway - \$60m  
McKay-Dee Hospital Complex - \$180m  
Murray High School - \$30m  
Nebo School District 5 elementary schools - \$45m  
NorthShore Corporate Center - \$100m  
One Airport Center - \$100m  
Pacific Landing Office Park - \$60m  
Pleasant Grove Town Center - \$200m  
RiverPark Corporate Center - \$300m  
Round Valley Golf Resort - \$100m  
Salt Lake City Library - \$84m  
Sand Hollow Reservoir - \$35m  
Sandy City Center 1 - \$85m  
SLC School District new schools and retrofitting - \$136m  
SLCC 90th South Campus - \$143m  
Tooele 4 new schools - \$49.5m  
Traverse Mountain (at Fox Ridge) - \$2b  
University of Utah Hospital expansion - \$43m  
Weber School District 3 new schools - \$40m

**\$30 Million Plus Projects in 2002 Began in 2002:**

BYU Athletic Complex - \$31m  
Deer Valley Inn - \$150m  
Fashion Place Mall expansion - \$125m  
Gadspy power generation facility - \$81m  
Iasis Hospitals - \$33m  
Joseph F. Smith Building at BYU - \$70m  
Kern River gas pipeline (Utah portion) - \$526m  
State Capitol renovation - \$41m  
Thanksgiving Point retail center - \$105m  
University Hospital Trax Line - \$89m  
USU Engineering Building - \$33.2m  
Well's Dairy - \$40m  
Williams' petroleum pipeline - \$200m

**\$30 Million Plus Projects in 2003 to Begin in 2003:**

Federal Courthouse expansion - \$70m  
Intermountain Health Care Murray Hospital - \$325m  
Sun Rise Development by Kennecott - \$1b  
Union Pacific maintenance facility - \$150m

Table 3

## Projects and Infrastructure Built or Accelerated to Coincide with the 2002 Olympic Winter Games

Project and Infrastructure Description	Total Expenditures	Federal Infrastructure Expenditures	Salt Lake Organizing Committee Expenditures
<b>Venues: (1)</b>			
Utah Olympic Park	\$97.1 Million	NA	\$97.1 Million
E-Center Hockey Arena	\$58.3 Million	NA	\$11.6 Million
Delta Center Figure Skating	\$5.1 Million	NA	\$5.1 Million
Oquirrh Park Speed Skating Enclosure	\$36.1 Million	NA	\$36.1 Million
Soldier Hollow Cross-Country, Biathlon	\$11.2 Million	NA	\$11.2 Million
Seven Peaks Ice Sheets (Provo)	\$12.8 Million	NA	\$12.1 Million
Ogden Curling Ice Sheet	\$5.9 Million	NA	\$3.1 Million
Accord Practice Sheet	\$4 Million	NA	\$0.8 Million
Steiner Center Ice Sheets	\$15 Million	NA	\$3.5 Million
Wasatch Mountain State Park	\$20 Million	NA	\$8.5 Million
U of U Rice Stadium	\$52.5 Million	NA	\$17.5 Million
Medals Plaza	\$3.9 Million	NA	\$3.9 Million
<b>Housing:</b>			
U of U Olympics Village Phases I & 2	\$120.1 Million	NA	\$31.6 Million
Camp Williams Army Reserve Facilities	\$12.7 Million	\$12.7 Million	NA
Media Housing	\$11 Million	\$2 Million	\$0.5 Million
<b>Transportation: (2)</b>			
I-15 Expansion	\$1,590 Million	\$372.0 Million	NA
Light Rail North/South Line	\$312.5 Million	\$241.3 Million	NA
Light Rail U of U Line	\$118.5 Million	\$84.6 Million	NA
Intelligent Transportation System	\$31.6 Million	\$27 Million	NA
Snowbasin/Trappers Loop Road	\$15.8 Million	\$15.8 Million	NA
Soldier Hollow Access Road	\$10 Million	\$9.4 Million	NA
Winter Sports Park Road	\$4.4 Million	\$3.0 Million	NA
Temporary Park and Ride Lots	\$36 Million	\$30.8 Million	NA
Permanent Park and Ride Lots	\$6.9 Million	\$5.5 Million	NA
Bus Maintenance Facility	\$5.8 Million	\$4.6 Million	NA
SR248 Reconstruction	\$8.3 Million	\$7.7 Million	NA
I-80 Silver Creek & Kimball Junction	\$52 Million	\$49 Million	NA
US89 & I-84 (Corina Drive) Interchange	\$24.8 Million	\$4.2 Million	NA
SR173 Railroad Bridge	\$5.2 Million	Unknown	NA
I-215 & 3500 South Interchange	\$1.9 Million	\$1.7 Million	NA
Venue Loading/Unloading	\$11.4 Million	\$11 Million	NA
Transportation Studies	\$6.8 Million	\$6.8 Million	NA
Park City Infrastructure Improvements	\$11.4 Million	\$9.5 Million	NA
<b>Hotels:</b>			
Hotel Monaco	\$32 Million	NA	NA
Marriot Hotel	\$50 Million	NA	NA
Little America	\$185 Million	NA	NA
Stein Erikson Lodge	\$30 Million	NA	NA
<b>Resort Additions or Expansions: (3)</b>			
Snowbasin Facilities	\$100 Million	NA	\$23.7 Million
Snowbird Expansion	\$5 Million	NA	NA
Park City Expansion	\$150 Million	NA	\$16.3 Million
The Canyons Phase 1 Hotel, Lifts & Village	\$202 Million	NA	NA
Deer Valley (Deer Crest) Resort	\$100 Million	NA	\$17.8 Million
Brighton Resort	\$2 Million	NA	NA
Solitude Resort	\$100 Million	NA	NA
Zermatt Swiss Resort	\$40 Million	NA	NA
<b>Miscellaneous:</b>			
Telecommunications and UCAN	\$177.3 Million	\$6 Million	NA
Forest Service Funds	\$10.5 Million	\$10.5 Million	NA
Soldier Hollow Water/Sewer	\$11.9 Million	\$2.2 Million	\$1.4 Million
Gateway Project (Mixed-Use & Transit Hubs)	\$375 Million	NA	NA
Salt Palace Expansion	\$47 Million	NA	\$4.6 Million
Alf Engen Museum	\$10 Million	NA	NA
LDS Conference Center	\$240 Million	NA	NA
<b>Total = \$4,586.6 Million    Total = \$917.9 Million    Total = \$306.4 Million</b>			

(1) \$58.5 million was repaid by SLOC to the State of Utah for temporary taxpayer assistance in the construction of the Utah Olympic Park.

(2) In addition to these transportation infrastructure projects, around \$300 million in federal funds was spent on security, and there was an operations "Olympic Spectator Transportation System" federally funded at \$39.9 million. The total Intelligent Transportation System cost was \$112 million, but \$80.4 million was already included in the \$1,590 million listed above for Interstate 15 expansion.

(3) According to the Utah Ski Association, between \$300 to \$500 million was invested in Utah's ski resorts directly as a result of the Olympics.